



STATE OF HAWAII  
**DEPARTMENT OF HUMAN SERVICES**

P. O. Box 339  
Honolulu, Hawaii 96809-0339

March 29, 2015

TO: The Honorable Angus L.K. McKelvey, Chair  
House Committee on Consumer Protection & Commerce

FROM: Rachael Wong, DrPH, Director

SUBJECT: **H.C.R 203/H.R.139– REQUESTING THE AUDITOR TO  
CONDUCT A REVIEW ON THE EFFECT OF THE  
TRANSFER FROM MEDICAID TO PLANS ON THE  
HAWAII HEALTH CONNECTOR FOR NON-ELIGIBLE  
MEDICAID COMPACT OF FREE ASSOCIATION  
RESIDENTS**

Hearing: Monday, March 30, 2015; 2:00 p.m.  
Conference Room 325, State Capitol

**PURPOSE:** The purpose of this Concurrent Resolution is to have the State Auditor conduct a review of the cost implications and other effects of the transfer from Medicaid to plans purchased through the Hawaii Health Connector by COFA migrants living in Hawaii for the period of fiscal years 2015-2016 and 2016-2017.

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) provides comments on the concurrent resolution and appreciates the efforts to ensure access to quality health care, which is the goal of the DHS Med-QUEST Division. However, DHS has serious concerns regarding the scope of the review.

It would be difficult for the Auditor to determine the cost implications of the termination of full Medicaid benefits in terms of utilization of a higher level of services

as identified in paragraph (1). While we could assist in the analysis the Auditor will need to provide guidance on information that would be needed, understand differences in benefits available under Medicaid versus qualified health plans available through the insurance exchange, Hawaii Health Connector (Connector), and reasons for utilization under Medicaid and Connector plans.

Determining the cause of increased utilization of services should require a review of prior health records/utilization as well as a review of all events that have occurred during the periods of time that could have attributed to causes for the potential increased utilization as a full review cannot be made strictly on utilization claims data.

Investigation of increases in mortality and morbidity also requires expertise of reviewers to determine morbidity and mortality and the cause. Similar committees exist in different health care settings and organizations with the primary purpose of the investigations to improve the health care system and services. These committees conduct extensive reviews of medical records, not looking initially for cases based on the cause (delayed treatment or timely treatment) but because of the result of a death or medical condition and looking at how it can be prevented in future cases.

It will be difficult to identify available financing mechanisms within currently allocated funds. The DHS Premium Assistance Program that went into effect on March 1, 2015, is already a completely state-funded program for eligible individuals who purchase qualified Silver level plans through the insurance exchange.

With regard to redirecting the portion of “savings” (\$23,000,000) due to the cessation of Medicaid benefits for identified non-citizens, the state funded “savings” were already returned to the state budget as a budget adjustment through the executive

budget bill HB500 HD1. Most recently, the House Committee on Finance accepted the budget adjustment (HMS 401, Sequence no. 210-001).

For calendar year 2014, the total general funds paid for remaining COFA Medicaid enrollees (the Aged, Blind and Disabled, and Pregnant Women and Children) was \$16,109,448. The total amount received from the U.S. Department of Interior for medical services for the COFA for FY2014 was approximately \$11,000,000, leaving a shortfall to be covered by state general funds of \$5,109,448.

Thank you for the opportunity to testify on this measure.





PROTECTING HAWAII'S OHANA, CHILDREN, UNDER SERVED, ELDERLY AND DISABLED

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TO: Representative Angus L.K. McKelvey, Chair  
Representative Justin H. Woodson, Vice Chair  
Members, House Committee on Consumer Protection & Commerce

FROM: Scott Morishige, Executive Director, PHOCUSED

HEARING: **Monday, March 30, 2015 at 2:00 p.m. in Conf. Rm. 325**

**Testimony in Support of HCR203 / HR139, Requesting the Auditor to conduct a review on the effect of the transfer from Medicaid to Plans on the Hawaii Health Connector for Non-eligible Medicaid Compact of Free Association residents.**

Thank you for the opportunity to provide testimony in **support** of HCR203 / HR139, which would request that the State Auditor conduct a review on the effect of the transfer from Medicaid to private health plans on the Hawaii Health Connector for Compact of Free Association (COFA) residents. PHOCUSED is a nonprofit membership and advocacy organization that works together with community stakeholders to impact program and policy change for the most vulnerable in our community, including immigrant and migrant households.

PHOCUSED members – which include Parents and Children Together, Child & Family Service, AlohaCare, Helping Hands Hawaii, and other nonprofit health and human service providers – work closely with COFA and immigrant households through their various programs, which include healthcare, housing, financial counseling and case management services. Our members share grave concern that many COFA migrant and immigrant households who no longer qualify for QUEST will be unable to afford the cost of medical premiums and co-pays for health plans provided through the Hawaii Health Connector. This resolution would request an audit to evaluate the impact of the recent transfer.

Although the State will be subsidizing premiums for COFA migrant households that are below 100% of the Federal Poverty Level (FPL), we are gravely concerned that there remains a gap group of COFA migrants between 100% to 138% FPL who will not receive any subsidy for premiums from the State – These impacted households will need to pay medical premiums calculated at 2% of their annual income, which may range from \$22-\$31/month in premiums for an individual or \$46-\$63/month for a family of four. Co-pays for medication will range between \$5-\$100. While the costs of premiums or co-pays may seem minimal, these costs can be significant, especially for single individuals who earn \$18,700/year or less. An increased medical cost burden of even \$1,000 annually could prevent COFA migrants from accessing routine or preventative care, thus costing the State more in the future in increased emergency care costs.

In addition to the concerns outlined above, we have heard many anecdotal stories of COFA residents who have been transferred to a different health plan, but have not been informed by either Med-QUEST or the Hawaii Health Connector of this change in their coverage. This type of miscommunication or misunderstanding about health coverage, may also contribute to detrimental health impacts for the affected population.





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PHOCUSED appreciates the parameters outlined in the proposed audit, especially in regards to the mortality and morbidity rates of the COFA population and the amount of uncompensated care provided to this population.

Once again, PHOCUSED urges your support of this resolution. If you have any questions, please do not hesitate to contact our office at 521-7462 or by e-mail at [admin@phocused-hawaii.org](mailto:admin@phocused-hawaii.org).